

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE**

**Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
December 4, 2008
9:00 AM**

Meeting Minutes

MEMBERS PRESENT

Charles Davis, Evergreen Healthcare
Dave Marberg, University of Washington
Eric Smith, Vice Chair, University of Washington
Frank Abart, Whatcom County
Christy Trautman, King County
Penny Koal, General Administration (GA)
Rick Benner, Western Washington University
Jonathan Hartung, SHKS Architects
Keith Schreiber, AIA, Schreiber Starling & Lane Architects
Peg Staeheli, SvR Design Company
Tom Peterson, Hoffman Construction Co of WA
Rodger Benson, Chair, MA Mortenson Company

Tom Balbo, Ferguson Construction Inc.
Phil Lovell, Turner Construction NW
Mark Scoccolo, SCI Infrastructure LLC
Mike Shinn, Shinn Mechanical
Darron Pease, Pease & Sons, Inc.
Dan Chandler, PE, AIA, Olympic Associates Co.
Paul Berry, Harris & Associates
Juan Huey-Ray, Office of Minority and Women's
Business Enterprises (OWMBE)
Fred Tharp, Washington State Department of
Transportation (WSDOT)
Darlene Septelka, Landon Construction Group

MEMBERS ABSENT

Gary Arndt, P.E., Parametrix
Gary Baldasari, AIA
Linneth Riley Hall, City of Seattle

Miriam Israel Moses, Rebound
Tony Benjamin, Urban League of Metro Seattle

STAFF, GUESTS, PRESENTERS

Robyn Hofstad, GA
Bob Dixon, GA
Cheri Lindgren, Puget Sound Meeting Services
Nancy Deakins, GA
David Bernier, Lake Chelan Community Hospital
Barry Leahy, Lake Chelan Community Hospital

Phil Giuntoli, Collins Woerman
Michael Morales, City of Yakima
Robert Desgrosellier, City of Yakima
Nicole Brown, Olympic Associates Company
Ken Ombrek, Traho Architects
Steven Caffery, The Capitol Theatre

Welcome & Introductions

Chair Eric Smith called the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) meeting to order at 9:08 a.m.

Approve Agenda

The agenda was accepted as presented.

Approve July 24, 2008 Meeting Minutes

Chuck Davis moved, seconded by Dan Chandler, to approve the July 24, 2008 minutes as presented. Motion carried.

Public Comments

There were no public comments.

Welcome New PRC Members

Chair Smith introduced and welcomed new PRC members Frank Abart, Mark Scoccolo, and Juan Huey-Ray. New members Linneth Riley Hall and Tony Benjamin were not in attendance.

Everyone present provided self-introductions.

Chair Smith reported a recruitment letter was sent to solicit candidates to fill the remaining vacancies representing labor, ports, and school districts. PRC members were encouraged to outreach to their constituents.

Report on WSCTC Visit

Chair Smith reported he and Mr. Benson met with representatives from the Washington State Convention & Trade Center (WSCTC) and discussed the 800 Pike Conversion project application and the owner's consultant selection process. The PRC believes the owner did not comply with suggestions to select a professional consultant. WSCTC representatives did not understand it was "contingent approval." The PRC implemented lessons learned from that review process. The owner team is highly capable. The General Contractor Construction Manager (GC/CM) doing the work spoke very highly of the relationship with the owner. There is every indication that the GC/CM project will be successful.

Mr. Benson said members learned to evaluate whether a project is appropriate for the Alternative Public Works (APW) delivery methodologies and whether an owner is qualified to manage the process. The PRC cannot offer "contingent" approvals.

Mr. Shinn shared an issue Shinn Mechanical experienced with the WSCTC's public bidding process after the PRC approved the GC/CM application.

General Discussion of APW Application and PRC Deliberation Process

Mr. Lovell said the PRC understands its task. It's easy to answer "yes" or "no" to evaluation criteria contained on the application evaluation sheet based on how an application is structured and presented. However, there might be other factors that make the project appropriate for the requested APW model, which should be considered. Mr. Benson responded that the Legislature tasked the PRC with the responsibility to preserve integrity of APW deliveries and improve successful outcomes of APW projects. He agreed there are other factors to consider in addition to criteria outlined in the statute to determine if an owner is qualified to manage the methodology.

Mr. Berry said the application review process helps inform PRC decisions. Interacting with the applicant serves a secondary purpose to help ensure a successful, better project, which is also important.

Mr. Balbo added that the review helps protect team members involving the designer, architect, and the end user.

Discussion followed on what a successful project means for a public owner. Mr. Tharp said there's a problem if there's a lack of confidence on whether APW contracts are fair to owners and contractors. It's critical that the PRC select teams that are qualified to deliver the project in the appropriate manner.

Mr. Benner suggested informing the CPARB if there is a flaw with the overall process. He encouraged Mr. Shinn to share his experience with the Board.

Mr. Benson said the WSCTC could present a future proposal. Issues and concerns are likely to surface at that point.

Discussion ensued on expanding GC/CM and Design Build (DB) for public agencies and ensuring APW is applied as intended by the legislation.

Members offered additional comments regarding the issue:

- The difference between the standard Design Bid Build (DBB) process and APW is that the PRC evaluates legal and structural requirements imposed on public works that were put in place years ago to protect and create structures to prevent issues and to protect the public interest.
- It appears there is a systemic lack of response to some of the questions on the application forms. It was suggested the committee review the forms to determine if modifications are appropriate. As an example, some of the schedules submitted do not define how an owner understands the difference between a GC/CM and a typical construction project.
- The schedules do not include a comparison. A standard question could be to explain the advantage on schedule, placement, and interaction. There is a change in design philosophy (Olympia City Hall project was mentioned specifically), which is integrated and contains more sustainability. The construction side is not stepping up in the same manner and is reacting. The change in design philosophy could affect GC/CM and DB processes. Information on successful DB projects over the last 18 months would be helpful.

Chair Smith reported he contacted applicants and advised them on the potential outcome of an application. The quality of the applications varies. An option is refining the form. The PRC is obligated to provide applicants an opportunity to present projects and certification requests.

Mr. Hartung concurred with comments from Chair Smith. It's important owners and teams are experienced with GC/CM.

Mr. Benson suggested screening applications to ensure they are completed properly prior to accepting applications for a review.

Chair Smith recessed the meeting from 9:47 a.m. to 9:58 a.m.

Application Pipeline Review

Chair Smith reported the University of Washington (UW) is requesting DB certification. The December PRC meeting is rescheduled to January 8, 2009. The next regular meeting is January 29, 2009.

Discussion ensued on whether the UW certification request could be considered at the next regular meeting. Chair Smith described the shift in UW's strategy. He indicated he'll follow up on the meeting date.

Ms. Hofstad provided July and September travel expense vouchers for member signatures as appropriate. It was noted that members can elect to waive all costs.

Chair Smith reported the Association of General Contractors (AGC) Education Foundation and UW are hosting a GC/CM training opportunity on January 29 and 30, 2009. The AGC has three scholarships available. Members are encouraged to attend.

Discussion followed on whether the PRC's January regular meeting date, which is typically the fourth Thursday of the month, is January 22, 2009 or January 29, 2009. Mr. Benson asked staff to forward the 2009 meeting schedule to members.

CPARB Project Data Collection Update

Ms. Septelka reported the Design-Build Institute of America (DBIA) is hosting a *Fundamentals of Project Delivery* course on February 12, 2009 in Seattle. Owners were asked to contact her about scholarship availability.

Ms. Septelka and Ms. Deakins provided a PowerPoint presentation on data collection. A Joint Legislative Audit and Review Committee (JLARC) finding of a lack of sound, reliable, and consistent data collection is a major impediment to understanding the impacts of GC/CM. Recommendations were reviewed. Previous studies conducted by Septelka/Goldblatt and Dye Management Group in 2000, 2004, and 2005 were reviewed. Ms. Septelka indicated she's assisting Ms. Deakins with implementing the data collection project for GA. The database includes 2000, 2004, and 2005 projects and includes the first DB project completed in 1992.

Issues surrounding previous studies include:

- Difficulty in tracking which agencies and projects are utilizing alternative delivery methods.
- Inconsistence between agencies – different data collection and monitoring methods and systems.
- Inconsistence in terminology between agencies.
- Data self-reported and resistance to report data.
- Lack of data to make delivery method comparisons.

The Board's powers and duties, as outlined in Revised Code of Washington (RCW) 39.10.230, were reviewed:

- Evaluate the use of existing contracting procedures and potential future use of other alternative contracting procedures including competitive negotiation contracts.
- Develop and administer questionnaires designed to provide quantitative and qualitative data on APW contracting procedures on which evaluations are based.

GA was tasked to collect data and develop a central system for the CPARB. Agencies required to submit data are identified in RCW 39.10.320 and RCW 39.10.350. To fulfill the legislative mandate, the CPARB will collect major project data on all APW projects and conventional public works projects, which total over \$5 million, and a design contract or DB contract in place after June 2005. Larger agencies were asked to voluntarily participate and submit DBB data.

Discussion followed on collecting DBB data from smaller agencies, such as school districts as well.

Ms. Septelka described the challenge of an FTE evaluating data and following up with owners. She volunteered to help evaluate data and contact owners on any discrepancies.

Ms. Deakins reported GA's Architectural & Services Division lost its management analyst in August. The management analyst was involved in the data collection project. Another management analyst from another section will be available.

Ms. Septelka reported the data collection survey was developed by the Data Collection Subcommittee. The survey consists of two parts:

- Part 1 – Planned project information should be entered near the beginning of a project
- Part 2 – Completed/actual project information to be entered at the completion of a project

A second online team survey, approved by the CPARB, asks for subjective data from contractors, architects, and subcontractors. The Board's website describes how to access the survey and includes a link to the instruction guide. Public bodies should contact Ms. Hofstad with the following information: agency, project name, project contact name, phone number, and e-mail address. Project contacts receive an e-mail with a hyperlink to the survey and a password.

Discussion followed on coordinating data collection with JLARC and the Office of Financial Management (OFM), that are also conducting studies related to the cost per square foot for construction and how public owners are notified about the reporting requirement. Ms. Deakins said the Board shared the benchmarks with JLARC. JLARC's cost estimating study is asking for more detail than what's outlined in CPARB's data collection plan. Chair Smith added that the project and certification approval letters should include a statement that public owner are required to comply with data collection requirements.

Mr. Balbo suggested as part of the project review process to ask applicants whether they are aware of data collection requirements.

In response to a question from Mr. Benson, Ms. Septelka said the data collection project was implemented and owners have initiated the survey. PRC members are interested in future reports on data collection results.

Ms. Deakins referred members to a reporting status matrix.

Mr. Lovell pointed out that the surveys refer to "parts" 1 and 2 while the matrix uses "phases" 1 and 2.

Ms. Septelka said it's important to ensure data gathered are sound and will stand up to the benchmarks.

Chair Smith said he's pleased with the progress. The committee is looking forward to the conclusions relative to performance. Ms. Deakins replied that staff might be able to provide data for individual projects approved by the PRC. Chair Smith said owners are required to recertify every three years. Data results are helpful to inform future decisions.

Mr. Shinn asked about those instances when surveys are not completed. Ms. Deakins replied reporting is required by statute. At some point the CPARB will provide a report to the Legislature. GA staff is following up with owners.

Ms. Septelka said a formal data collection report should be available by the end of 2009.

Ms. Deakins added that JLARC is looking at a sunset review of CPARB's effectiveness and RCW 39.10. The Board's statute ends in 2013. JLARC determined there's no need to collect data separately and is particularly interested in the team survey. JLARC encouraged the CPARB to provide a summary of its activities on an annual basis.

Chair Smith recessed the meeting from 10:45 a.m. to 10:54 a.m.

Project Application Review for GC/CM – Chelan County Public Hospital District #2 – dba Lake Chelan Community Hospital

(Panel Chair Jonathon Hartung, panel members Rick Benner, Dan Chandler, Phil Lovell, Eric Smith, Peg Staeheli, and Chuck Davis.) Chair Smith emphasized the importance of the team to demonstrate the project is appropriate for the GC/CM methodology and that the project team is prepared to manage the process.

Panel Chair Hartung welcomed Lake Chelan Community Hospital representatives. Panel members provided self-introductions. Panel Chair Hartung reviewed the evaluation criteria and described the project application review process.

David Bernier, Chief Executive Officer (CEO), Lake Chelan Community Hospital (LCCH), reported the 36,000 square-foot hospital building is 36 years old. A space utilization study determined current staff works in 30% of the space required by industry standards. The City of Chelan's population increases from 7,000 to 50,000 during summer months. An expansion of a parking garage and a 30,000 square-foot affiliated medical office building was presented to the voters several years ago. Unfortunately, the ballot measure did not pass. The agency reassessed healthcare requirements of the district, projected future needs, and considered 12 alternative sites. An expansion project is not the best solution because of current site constraints and the location. County commissioners approved the construction of a replacement hospital and affiliated medical office building. The organization signed a purchase and sale agreement to acquire land to build a replacement hospital. LCCH is engaged in a feasibility study scheduled to conclude September 1, 2009, and applied for a \$4 million Economic Development Authority (EDA) grant to purchase 16 acres of land. The site selected is best because of existing infrastructure and there is adequate area to expand in the future.

Barry Leahy was hired as the project manager based on his hospital, industrial, and GC/CM experience, which includes construction of the Pullman Regional Hospital (PRH). He and county commissioners toured the Pullman facility, were impressed with the layout, and spoke with PRH's CEO about lessons learned. LCCH also hired a public affairs consultant in Seattle to help craft a message for the Lake Chelan community. Mr. Leahy is familiar with Lake Chelan and its challenges to attract contractors to bid on the project.

Mr. Bernier described other owner team members involving the architectural firm of Collins Woerman and financial consultants PemReal. PemReal is conducting a comprehensive financial strategy. The LCCH intends to ask for voter approved revenue bonds. The hospital district's debt capacity of \$23 million (non-voted bonds) can increase to \$76 million through approved voted bonds.

Mr. Bernier provided a site plan drawing of the existing and proposed sites. The current facility is located on a hill. The land was gifted in the late 1960s. The new site is located off Highway 97. The Chelan airport is approximately 1.5 miles away from the preferred site. The hospital receives 40 fixed wing airlifts annually. The property owner gifted four to five acres to the hospital at an estimated value of \$800,000.

Barry Leahy, Project Manager, reviewed his education and construction industry experience. Approximately 95% of his work consists of development management. Mr. Leahy said he's involved in four projects with four different contractors and has provided project management services since 1986. He said he

understands the value of a team working well together. Mr. Leahy spoke about his GC/CM project manager experience on the Overlake Hospital surgery expansion project (1997-2001) totaling \$110 million and the \$33 million Weyerhaeuser data center project.

Phil Giuntoli, Collins Woerman, reported that most of the agency's work consists of integrated design construction delivery. The owner team is well qualified to manage GC/CM methodology. The contractor is an integral part of the design team. Hospitals typically have finite resources, can't easily expand, and are revenue based. The team is looking for a delivery model where cost control is integral with the design process.

Mr. Bernier said he and the county commissioners have confidence in the capability of Mr. Leahy and Collins Woerman.

Mr. Davis asked the team to clarify the advantages of the GC/CM delivery over DBB because of the current advantage in the marketplace for DBB. Mr. Bernier said it pertains to cost containment. Additionally, the chairman of the board is a major developer and is "not sold" on DBB. A goal is to have two different entities bringing the appropriate checks and balances to the table. Hospitals are struggling to secure financing to construct additions. Hiring the architect and general contractor early on is the best strategy.

Mr. Leahy explained there are also site issues related to Chelan. Winter construction is a concern and it's important the contractor understands those challenges. A GC/CM is needed to understand the smaller subcontractor community. The smaller companies don't have the resources necessary for a project of such magnitude. The county commissioners and Mr. Bernier would like to use the local workforce.

Mr. Lovell asked whether there is a program in place for the project. Mr. Giuntoli said a program was developed for the previous 95,000 square-foot project. The owner is developing the program for the proposal. Mr. Lovell asked whether the architect believes the projected cost of \$300 a square foot, including site work, is a valid figure. Mr. Giuntoli replied that PRH Hospital was built for \$172 a square foot. Mr. Lovell asked what's expected in terms of union/nonunion participation. Mr. Leahy said a dual shop operation is anticipated.

Chair Smith said another issue is whether the project is appropriate for the GC/CM delivery rather than DBB. Comments concerning cost control and developing a team are valid; however, those considerations are not outlined in the GC/CM statute. He asked for specifics on why the project qualifies for GC/CM, whether the owner understands the selection process with a public bid, Request for Proposal (RFP)/evaluation criteria process, and contracting. Ultimately, all subcontractors must be publicly bid with acceptance of the low bid. Mr. Bernier affirmed any work in excess of \$50,000 must be bid. He and the county commissioners reviewed GC/CM regulations and understand the concept. The commissioners do not support DBB for reasons stated previously.

Chair Smith asked about the process of hiring a contractor. Mr. Bernier explained that the hospital retained Foster Pepper LLC as legal counsel to hire the architects. A Request for Qualifications (RFQ) was initiated. The list was narrowed to three firms that were subsequently interviewed. The best firm was selected. The RFQ process was used for the general contractor, which resulted in several proposals. He said he attended a DBIA conference in Ellensburg and learned the hospital needs to use a RFP for the general contractor.

Mr. Leahy described the selection process and criteria selection to evaluate contractors responding to the RFP.

Discussion ensued on how much time Mr. Leahy will dedicate to the project as the project organization chart indicates 100%. Mr. Leahy said the other projects conclude in March 2009. Mr. Lovell said the schedule indicates construction will commence in December 2009. Mr. Leahy said the schedule is optimistic and is

dependent on funding. Mr. Bernier added that the plan is to seek voter bond approval in August 2009. Mr. Lovell asked whether the strategy is bringing the GC/CM on board now to help with the design process, budgeting, and value engineering where the hospital compensates under pre-construction provisions within the statute without owning the land or knowing the true construction costs, as well as the outcome of funding. Mr. Leahy said that is the intent.

Mr. Bernier said the size and approximate cost of the project is known. The hospital has the financial means to support the construction. The \$300 square-foot cost is realistic. In general the concept is valid.

Discussion followed on the value of a general contractor assisting to obtain cost data from subcontractors rather than relying on a cost estimating service.

In response to a request by Mr. Chandler, Mr. Leahy described in further detail his project manager experience on the PRH replacement project.

Ms. Staeheli asked for additional information on why the project does not fit DBB delivery. Mr. Leahy said because accurate costs are required for Mr. Bernier and the county commissioners to present to the taxpayers, which can be accomplished with a general contractor.

Panel Chair Hartung said it appears there is a cost advantage for bidding DBB. Mr. Giuntoli agreed there is the potential for a cost advantage in the current market using DBB. However, the overriding factor is predictability. A GC/CM may cost a few dollars more. The hospital has one funding opportunities with voters.

Mr. Benner clarified that the owner cannot negotiate the Guaranteed Maximum Price (GMP) until contract documents are 90% complete. He said he's struggling with why the GC/CM delivery is more advantageous than DBB.

Panel Chair Hartung said it's the owner's responsibility to demonstrate public benefits for using alternative procedures. There is nothing unique with the new site, which is flat. The team has identified two key issues – a concern about climate and gaining control of pricing. It appears Mr. Leahy does not have direct experience managing and administering GC/CM contracts under RCW 39.10.

There were no public comments.

Additional comments shared by panel members included.

- Would like to provide the LCCM the opportunity to use the GC/CM method; however, not convinced there is a clear advantage.
- The hospital is a public owner and subject to RCW 39.10 and other procurement statutes. An owner must demonstrate the project meets statute criteria. It's not clear that the team or hospital district is familiar with the law. The team experience does not translate to RCW 39.10 and the open public process to hire contractors and subcontractors. Neither the project nor the team has demonstrated it's ready to execute a GC/CM contract under the statute.
- Individuals and firms involved are experienced. Surprised that the team is not able to address elements qualifying the project for GC/CM methodology, such as the complexity of hospital construction, program responsibilities, cost and quality control, and value engineering.
- The owner could probably come back and present an approach conforming to state law.

- It appears the owner wants the convenience of a quasi-negotiated contract under the auspices of state law.

Chuck Davis moved, seconded by Eric Smith, to deny the Lake Chelan Community Hospital project application for GC/CM. Motion carried unanimously.

Panel Chair Hartung encouraged the team to evaluate its presentation and present the project to the PRC at a future date. The AGC Education Foundation and UW are hosting a GC/CM training opportunity on January 29 and 30, 2009. Additionally, DBIA is hosting a *Fundamentals of Project Delivery* course on February 12, 2009 in Seattle in February.

Chair Smith recessed the meeting from 11:50 a.m. to 12:01 p.m.

Mr. Balbo and Mr. Lovell left the meeting during the break.

Project Application Review for GC/CM – City of Yakima – Capital Theatre Expansion

(Panel Chair Paul Berry, panel members Rodger Benson, Penny Koal, Dave Marberg, Darlene Septelka, and Fred Tharp). Panel members provided self-introductions.

Michael Morales, Deputy Director, Department of Community & Economic Development, City of Yakima, reported the Capitol Theatre is a component of a larger infrastructure improvement in the downtown community. Approximately \$12 million was invested in streetscape and other infrastructure enhancements surrounding the theatre. He described Yakima's councilmanic form of government. The team possesses significant experience with managing major capital projects. The GC/CM approach is an ideal way to deal with the specialized nature of the theatre and its amenities, and its connection to the surrounding block areas. The City owns the building, which is rented to and operated by the Capitol Theatre Board of Trustees. The theatre is a major downtown element. Cost predictability can be achieved because the contractor can provide constant cost information.

Steven Caffery, Executive Director/CEO, The Capitol Theatre, provided a history of the building originally constructed in the 1920s. In the early 1970s, a group of community citizens believed in the importance of Yakima having a performing arts facility. The City purchased the building and a nonprofit corporation was formed. However, the building burned down because of faulty wiring. Public and private partnerships raised \$4.2 million to restore the theatre. The building was declared a historic landmark. Typically one to three percent of the local population attends annual events. The Capitol Theatre is busy 130 days a year with an annual attendance of 100,000 people, which exceeds the population of Yakima. The theatre is important to the community on a number of levels. The current structure is 30 years old and needs major renovation.

Mr. Caffery reviewed two key issues:

- The production cycle has increased as such that regardless of cost it's no longer possible to accommodate shows on stage. The first phase of the project is the creation of a production center.
- Audiences and fundraising are stagnant. The theatre is heavily dependent on ticket sales. As the audience ages it's necessary to find ways to diversify product lines and service space to increase performers.

In 2002, a mall closed with the Capitol Theatre remaining. The theatre retooled its mission to serve as a catalyst to spur economic development and bring people downtown. The City is funding the project through Public Facilities District (PFD) revenues and bonding. Additionally, private contributions have been received.

Ken Ombrek, Principal, Traho Architects, outlined the three major phases:

- Production center – An addition at the back of the theatre for dressing rooms, stages, and a loading dock.
- Pavilion – Demolish the existing building at the corner of 3rd and Yakima and construct a new structure serving as a community center with public gathering spaces on the first level and the theatre on the second story.
- Third Street plaza – The plaza serves as an extension of the theatre lobby while incorporating new outdoor performance spaces, seating, and areas for gatherings and activities. Also included are stalls for a farmers market.

Mr. Ombrek reviewed several unique circumstances. The work will require relocating a number of overhead utilities underground. Three major buildings to the north need to remain open during construction. A geographic and topographic survey revealed unusual conditions. The site for the production center at one time contained a YMCA building. The structure was demolished but a basement slab still exists. Access to the north for emergency vehicles and access to the buildings to the south must remain available during construction. Additionally, there is a security sally port for prisoner transport to and from the federal courthouse. A slide depicting the Third Street Plaza (federal building, theatre, and pavilion) was presented. Construction of the production center is targeted from April to September 2009. The theatre must remain open.

Nicole Brown, Olympic Associates Company, outlined other project complexities. US Bank has armored trucks using the alley several times daily. Coordination with neighboring properties is critical. The pavilion will have unique problems in that the existing building has a common structural party wall with the Grand Hotel, which will need to be stabilized structurally during construction. A street vacation process is underway. There are unknown conditions because of the unconventional demolition of the previous YMCA structure. One example is the discovery of a 10-inch steam line. A contractor to help coordinate issues and advise the owner on schedule is important.

Ms. Septelka referred to the GC/CM selection process schedule. The Maximum Allowable Construction Cost (MACC) negotiation is planned for the end of January; however, design is not at 90%. Ms. Brown clarified that the intent is that the GC/CM contract, with all terms, will be signed and negotiated at that time. The MACC will likely be amendment #1.

Ms. Septelka requested information on the phasing process (contract and negotiations) and what's fixed up front. Ms. Brown responded that the contractor fees, costs for pre-construction services, and general conditions will be negotiated up front based on the budget with the understanding that if the budget is significantly different, the general conditions could be renegotiated. The MACC will be negotiated in three phases as each phase of the contract is completed, designed, and bid.

Mr. Tharp asked how the third phase (plaza), which is subject to future fundraising, is reflected in the Scope of Work (SOW) for the GC/CM. Ms. Brown said the SOW consists of three phases with the plaza included. The contractor needs to understand that each MACC will be a separate phase. It's possible the plaza will not be part of the overall project. Mr. Morales stated the City will not advance the plaza component unless funding is secured.

Mr. Marberg said the project qualifies under the statute for GC/CM. He asked about onsite responsibility for making quick construction decisions during the multi-year process. Ms. Brown said she and Mr. Ombrek will

share project manager duties. Mr. Ombrek will provide immediate responses. Mr. Ombrek added that he is the architect and onsite construction manager.

Discussion ensued on elements of the proposed production center and the overall construction of the pavilion. In response to the latter, Mr. Ombrek said the property is occupied by a vacant building consisting of a rubble foundation and partial basement. The Grand Hotel was built on the party wall of the vacant building. The vacant building and wall consists of two stories. The next three stories of the Grand Hotel were constructed on top of that wall. The party wall will require stabilization. The structural engineer is working out a procedure to stabilize the wall as the existing building is demolished.

Discussion followed on the extent of Mr. Ombrek's onsite authority and the project schedule. Mr. Benson noted there are major gaps in both design activity and construction activity. Questions concern staffing and challenges to take advantage of economies of scale. Mr. Ombrek explained that construction must be completed between March and October because the theatre has shows scheduled up to March 2009, which pick up again in October 2009. Mr. Benson asked if the City will pay the GC/CM contract staff in the interim. Mr. Caffery said the pavilion schedule could be moved up. Mr. Benson said he'd recommend moving the pavilion schedule up. Ms. Brown added a GC/CM could help refine the schedule.

Ms. Koal asked Mr. Desgrosellier to describe his role as the owner representative and the amount of time he is dedicating as well as who is considering the owner's interests. Mr. Desgrosellier said the City will remain engaged with the contractor throughout the project. Yakima has completed projects with an architect who also acted as the project manager. This project is located two blocks away from city hall. He said he'll provide the justification for change orders and present them to the city engineer and city manager for final signature. He will serve as the first point of contact for the City and will dedicate as much time as necessary to ensure a successful project.

Panel Chair Berry expressed concerns about the constrained project schedule and activities that must occur by April for construction to begin. Ms. Brown responded that design is ongoing and permitting is tied specifically to design. She said she'll administer the process to get the GC/CM on board including the RFQ, RFP, meeting scheduling, and handling the interviews. Mr. Ombrek will continue with design throughout January. She agreed the schedule is aggressive. There is time to do some bidding and to negotiate a MACC. Ms. Brown said she's confident construction can begin by mid-April if not on April 1, 2009.

Mr. Chandler added that Olympic Associates Company is well experienced with the RFQ and RFP processes and MACCs.

Further discussion followed on staffing capacity to manage phased design with construction commencing and also providing site representation. Mr. Ombrek explained that he has two key staff members who will assist him in the construction and design areas. Traho Architects will also work on the production drawings.

Ms. Septelka asked Mr. Ombrek to elaborate on his public GC/CM experience. Ms. Brown said she'll manage contract compliance and change orders. Mr. Ombrek said he'll work to ensure costs are reasonable, that any change is required, and that it fits within the design. He indicated his company does not have a lot of public GC/CM experience. However, Traho Architects has completed many DB and DBB projects and has worked with contractors. Much of his construction experience involves working with change orders; however he said he understands the process. The owner is relying on Olympic Associates Company for proper GC/CM procedures.

Mr. Marberg asked how Mr. Ombrek will handle the approval process, which has to go through the City, while assuming the role of both the architect and construction manager and whether there is a dollar threshold not requiring prior City approval. Mr. Ombrek advised that he and Mr. Desgrosellier have worked together the last six months to develop a concept for relocating site utilities. That project was bid and a contract is in place. Traho Architects is managing the construction and will be involved with any change orders. The dollar cut off figure is \$2,500.

Ms. Koal asked about responsibility for budget management during construction. Ms. Brown replied that she will track costs. Mr. Ombrek, Mr. Desgrosellier, and Mr. Caffery will review the budget on a consistent basis. Mr. Morales added that the City's Finance Department and the city manager will also monitor the budget at all times. Monitoring of the budget will be ongoing by several people.

Ms. Septelka asked about Ms. Brown's role in the change order process. Ms. Brown said she will review and approve change orders.

There was no public comment.

Additional comments by the panel include.

- The project is ideally suited for the GC/CM delivery model. The management plan is creative. Concerns are the owner representative's responsibility related to contract arbitration when the contractor is working day-to-day with the architect, as well as the location of the project manager. It's unclear whether anyone on the team has managed a GC/CM process through the construction phase.
- Worrisome of how Ms. Brown's other project manager responsibilities will impact the project.
- Issues in the field must be determined immediately. Time lost to gain approvals could be costly to the project. Olympic Associates Company is experienced with the GC/CM process. The issue is whether the plan has sufficient consultant time on the project during the construction phase.
- As a public owner, it's very difficult to have all the answers. Supportive of the team. Assembling the right people often leads to the right solutions.
- The owner has put together a good team. The project is right for GC/CM.
- Olympic Associates Company has a clear understanding of the delivery model; however, it's unclear whether the owner does. The owner was encouraged to spend time over the next several weeks to evaluate other structures and experiences to provide the City with the flexibility and capability to do the project without getting tied up in normal bureaucratic processes. There is the potential to assemble a good team.

Fred Tharp moved, seconded by Penny Koal, to approve the City of Yakima's application for GC/CM for the Capital Theatre Expansion. Motion carried. Roger Benson opposed.

Mr. Benson said there is a potential fatal flaw in the management plan. He encouraged the City to reassess its management strategy.

Chair Smith recessed the meeting from 1:00 p.m. to 1:05 p.m.

(A quorum is no longer present.)

Application Review Post Mortem

Member feedback is summarized below:

- Some owners want to present a project rather than demonstrate why the proposal is appropriate for a specific delivery. The first team was not prepared. Perhaps the application instructions are not clear.
- An idea is to include a reminder statement with questions forwarded to applicants. The committee is interested in how the project fits APW delivery based on statute criteria.
- The PRC shouldn't micro-manage an owner's application.
- The first team's answers to questions submitted by members in response to the application were not responsive. It would be helpful to have the answers prior to the meeting.
- It might be appropriate to revisit the application form.
- Most teams are prepared.
- The application serves as a test and filter mechanism and it's indicative of an owner's ability to carry out an APW process.
- The instructions could include text and a reminder that the committee will focus on two areas of why the project qualifies for APW and why the team is qualified to do the work as outlined in RCW 39.10.
- The City of Yakima has a qualified team and will make the process work. A fatal flaw is the role of the architect and a lack of oversight.
- A question was the committee's role to inform potential legislation proposed by the CPARB. Chair Smith suggested it's not appropriate for the PRC to advocate changes. It might be different if there is a procedural problem.

Adjournment

Penny Koal moved, seconded by Rodger Benson, to adjourn the meeting at 1:29 p.m. Motion carried.